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SUBJECT: MENON HOSTS NSG AND IAEA REPRESENTATIVES TO PUSH
FOR NUCLEAR DEAL

[1](#)1. (SBU) SUMMARY. On July 14, Foreign Secretary Shiv Shankar Menon hosted more than fifty representatives from countries represented on the International Atomic Energy Agency (IAEA) Board of Governors and Nuclear Suppliers Group (NSG). Menon described the benefits "for India, for the IAEA and for your nations" of swiftly approving the IAEA safeguards agreement and supporting India in the NSG. Special Envoy for the Nuclear Initiative Shyam Saran also asked representatives to convey to their capitals the importance India attaches to the initiative, and asked for assistance in arranging calls for upcoming visits by Indian envoys to capitals. He also reminded them that completion of the deal "will benefit bilateral relations" with each country. It is clear from reactions that participants took this to mean that India will "take names" and monitor the positions of each IAEA and NSG member.

[1](#)2. (SBU) SUMMARY CONTINUED. Menon's smooth presentation contrasted with an increasingly shrill domestic debate over the U.S. India Civil Nuclear Cooperation Initiative. A polemic issued by the opposition Bharatiya Janata Party (BJP) excoriated the IAEA safeguards agreement for failing to give India the full rights of the five nuclear weapon states under the Nuclear Non-Proliferation Treaty (NPT). The Left Front launched a "nation-wide campaign" against the UPA government that appears indistinguishable from the Left's approach prior to the campaign. Back-room political deal-making continued, with the government preserving its slight majority. The two-seat Jammu and Kashmir National Conference (J&KNC) pledged to support the government and the eight-seat Shiromani Akali Dal (SAD) regretfully announced its intention to vote against the UPA government and its fellow-Sikh Prime Minister in order to preserve its governing coalition with the BJP in the state of Punjab. The Mumbai-based Shiv Sena has openly declared its support for the nuclear deal, but it remains unclear whether the party's twelve votes will be cast against its BJP ally. END SUMMARY.

Menon Pitches Nuclear Deal to NSG and IAEA Representatives
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[1](#)3. (SBU) Ambassadors or Charges d'Affaires represented most IAEA and NSG member nations at a glittery evening meal at Hyderabad House, a former residence of the Maharaja of Hyderabad, where Menon reviewed progress on the U.S.-India Civil Nuclear Cooperation Initiative and talks with Russia and France on bilateral civil-nuclear agreements. Describing the IAEA safeguards agreement as a typical INFCIRC-66 arrangement "within the framework of the U.S.-India understanding," he pledged that India will bring civilian facilities under safeguards in a phased manner in accordance

with the March 2006 separation plan. The civil-nuclear initiative, he offered, will enable India's full participation in the international non-proliferation regime.

¶4. (SBU) Thanking the United States for bringing about "an historic moment," Saran walked through next steps, noting that the NSG will be asked to approve an India-specific exemption, unusual for a non-NPT country in that not all facilities will be under full-scope safeguards. He described the initiative's benefits to the world, including reductions in carbon emissions and new options for addressing global energy security concerns, and reviewed India's policy changes since 2005, when the GoI approved the Weapons of Mass Destruction Act. Saran argued that India had earned an NSG exception by developing indigenous technologies and enforcing strict non-proliferation policies. Twice stressing the importance of a "clean and unconditional" NSG exemption, Saran stated that adding conditionalities would "bring us back to square one" politically in New Delhi, where the government has already staked its survival on the initiative's success. Saran also highlighted the importance of the U.S. Presidential determination, which signals India's steps into the global non-proliferation regime, where India is no longer a target.

¶5. (SBU) Pressed by the Swiss Ambassador during the Q and A session on the likely results of next week's confidence vote, Saran demurred. He urged quick movement after the August 1 IAEA Board meeting, saying the NSG could meet "the day after," because arguments about the initiative's impact have already been heard. Saran urged NSG representatives to

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summon political will to approve an exemption quickly, so that components of the initiative -- including all elements of the Presidential determination -- could be forwarded to the U.S. Congress by early September. Responding to the Dutch Ambassador's complaint that NSG member countries felt "rushed," Saran acknowledged the difficulties of a compressed timeline, then placed the onus on Ambassadors to reflect to their capitals the initiative's importance and noted that implementation of the initiative "will benefit bilateral relations" with all the countries represented at Hyderabad House. European diplomats at Polcouns' table whispered their protests over Saran's "threat."

¶6. (SBU) Asked by Sweden's Ambassador about the importance of a "clean" NSG exemption, Saran described India's reciprocal obligations, including those enumerated in the Presidential determination required by the Hyde Act. Although not an NSG member and therefore not obligated by NSG rules, India has voluntarily harmonized its export control standards, Saran said. He described India's legislation protecting sensitive technologies as "wider in scope than the NSG requires." Saran pleaded for understanding of India's political situation and urged member countries not to revive domestic controversy by inserting political conditionalities in the NSG exemption. Menon and Saran asked for participants' help in arranging calls during upcoming visits by Indian envoys to capitals.

Increasingly Shrill Debate Accompanies Deal-Making

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¶7. (SBU) Back-room dealing continued with one week remaining before the July 22 confidence vote that will determine the future of the United Progressive Alliance (UPA) coalition government and with it the nuclear initiative. Prime Minister Singh met with industrialist Mukesh Ambani on July 14, ostensibly to discuss recent populist demands for a "windfall tax" on oil companies. Asserting unnamed Mumbai sources, The Asian Age wrote that Ambani offered help in an effort to ensure Shiv Sena support for the UPA government. The Mumbai-based Shiv Sena holds 12 Lok Sabha seats and has openly declared its support for the nuclear deal. It remains unclear whether the party will vote against its Bharatiya

Janata Party (BJP) ally, as in the most recent presidential elections when it supported Congress Party candidate Pratibha Patil.

18. (SBU) Two smaller parties, the Jammu and Kashmir National Conference (J&KNC) with two members of parliament and the Shiromani Akali Dal (SAD) with eight members, held party meetings on July 15 to decide their positions. After the J&KNC meeting, an Embassy contact said the party's vote would be "favorable" for the UPA (presumably either a vote for the government or an abstention). The SAD, however, announced it will regretfully vote against the UPA government. The SAD is an opposition National Democratic Alliance (NDA) member that currently governs the state of Punjab in coalition with the BJP. While the Sikh party members support the Prime Minister personally, parting with the BJP could have cost it the state.

19. (SBU) Educated guesses at this time show the government maintaining its slim majority with the anticipated vote count at about 276 in favor of the UPA government and its nuclear deal, 250 opposed, and 17 undecided. (Charts showing how post reached this assessment have been emailed to SCA/INS.)

110. (SBU) The opposition BJP issued a lengthy statement on July 14 criticizing the substance of the IAEA safeguards agreement almost a week after party leader L.K. Advani rebuked the UPA government in a June 8 press conference for its inept and deceitful handling of the process. The polemic excoriates the safeguards agreement for failing to give India the full rights of the five established nuclear weapon states under the Nuclear Non-Proliferation Treaty (NPT) and keeping India "in bondage as a non-Nuclear Weapon State in perpetuity." The statement claims India would be more vulnerable to inspections than North Korea. Making common cause with those concerned that the safeguards agreement does not go far enough, the statement labels the "corrective measures" preambular language in the safeguards agreement as "vague and non-specific." Media coverage of the statement

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has been minimal.

111. (SBU) Local media attention remained trained on the more theatrical antics of the Left, which has continued to attack the UPA government from every angle. Communist Party-Marxist (CPI-M) general secretary Prakash Karat, together with other Left parties, launched on July 14 a "nation-wide campaign" against the UPA government over the nuclear deal and inflation. Demonstrations promised by Karat over a week ago to coincide with the launch of the campaign did not materialize and so far the "campaign" appears indistinguishable from the Left's approach until now. Karat blamed the nuclear deal for a wide variety of capitalist ills, claiming, "The nuclear deal will harm small traders and farmers. It will be harmful to workers and sectors like insurance and banks, too. To protect farmers, we have to stop this deal. The nuclear deal is related to globalization and market economy." Karat criticized the Congress Party for being "hand-in-hand" with the U.S. and for its "shameful" vote against Iran at the IAEA. Communist Party of India (CPI) leader A.B. Bardhan alleged that the UPA was buying votes, saying, "I am told they are paying Rupees 25 Crore (\$6.5 million) each ... I am making this allegation because this rate is being talked about in the market."

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